

This letter discusses taxation of electronic commerce transactions. See 86 Ill. Adm. Code 130.1935. (This is a GIL).

August 30, 1999

Dear Mr. Xxxxx:

This letter is in response to your letter dated June 22, 1999. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

As you are well aware, taxation of electronic commerce transactions is a hot topic issue on both the state and federal level. COMPANY applauds officials, like you, who are working to develop policy that will continue to help the Internet market grow, while maintaining consistency with existing policies and laws. However, as policy differs across thousands of jurisdictions, it is difficult for any one company conducting business online to keep up with the evolving landscape. That is why COMPANY developed the PRODUCT, to which you were a contributor, to help our member companies keep abreast of the tax laws in every state. The feedback on this project has been resoundingly positive and I thank you for your assistance.

The PRODUCT, an online publication, was developed because it is important that our membership be aware of the issues of state taxation in order to be compliant. As I mentioned, the last time we were in contact you helped to provide relevant information on these issues in your state. In order to provide up-to-date information, I am asking tax offices such as yours to reexamine the materials you presented to our members and where appropriate, make changes or additions. Therefore, please find enclosed a copy of the information presented in the PRODUCT. If you could please review this document and fax (####) or email (NAME) any appropriate changes, it would be greatly appreciated.

I hope that through this review COMPANY can continue to offer the opportunity to highlight and promote your state's efforts to further the use of electronic commerce. Please do not hesitate to contact me at #### or by e-mail at NAME if you have any questions about the PRODUCT. On behalf of COMPANY, thank you in advance for your continued assistance with this project.

As we have stated before, we cannot approve the accuracy of private legal publications.

August 30, 1999

We do wish to emphasize that while there are no sales tax laws that specifically apply to electronic commerce transactions, (i.e. impose a tax specifically on electronic commerce transactions) some electronic commerce transactions may be subject to Illinois sales tax. There is nothing that exempts electronic commerce transactions from Illinois sales tax where applicable. This could include retail sales of canned computer software transmitted over the Internet, or mail order-type sales of any kind of tangible personal property, conducted via the Internet, wherein the vendor has nexus.

For your information, the Electronic Commerce Security Act was enacted into law by Public Act 90-759 and took effect on July 1, 1999. However, the Department of Revenue does not administer the Electronic Commerce Security Act, the Financial Institutions Digital Signature Act, or the State Comptroller Act, and, therefore declines to comment on statements regarding these acts.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding a factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Martha P. Mote
Associate Counsel

MPM:msk
Enc.